

# **Contract Adjustments:**

## **Review Supplemental Agreements**

### **Objectives**

Create & Track Supplemental Agreements

Revise a Supplemental Agreement

Create a Force Account from a Supplemental Agreement

## Creating a Contract Adjustment for a Supplemental Agreement

According to the Construction Manual, “A supplemental agreement as defined in Article 101-82 of the Specifications, is an instrument for making allowable modifications to the terms of the contract; however, modifications are limited to those which are necessary for the satisfactory completion of the work.” In addition, a supplemental agreement is required before changing the terms of the contract such as compensation, contract times, and Specifications.

You can create a supplemental agreement when the Department decides to add extra work, alter work, or alter the unit price on a contract and the Department and Contractor agree on the price to be paid. If the Department and Contractor do not agree, you follow the force account process.

Following are the official descriptions for a supplemental agreement:

### **Extra Work**

104-7 Extra work is defined as “Work found necessary or desirable to complete fully the work as contemplated in the contract for which payment is not provided for by the contract unit or lump sum prices in the original contract. Extra work shall not be work which in the terms of the specifications and special provisions is incidental to work for which there is a contract price or work for which payment is included in some other contract unit or lump sum price.” Extra work can be created as a result of circumstances including but not limited to the following:

- ◆ Omission of necessary bid items from the contract
- ◆ Failure to include a basis of payment in the contract for work necessary to be performed under the terms of the contract

- ♦ Necessary plan revisions.

### **Altered Work**

The Engineer can also make changes in the plans or details of construction as necessary or desirable. The Contractor shall perform the modified work at the original contract unit or lump sum prices unless the character and the cost of performing the work has materially changed over that originally bid upon in the original contract. If both of these requirements are met, then a supplemental agreement can be created based on specifications 104-3 related to altered work. The following is an example of a change, “the Department directed that the only pipe line on the project be shifted from a plan location in earth material to a location in solid rock so that blasting would be required to excavate for the pipe line. The Contractor would have to use equipment in the excavation process that could not have been anticipated during the bidding process. The character of the work has materially change and obviously the cost of the work has increased.”

### **Altered Unit Price**

104-5: Altered Unit Price or deviations in the final quantities in excess of the specified percentages can be valid grounds for revising the unit price for that quantity in excess of the stated percentages if it can be shown that the overrun or underrun of work causes an increase or decrease in the unit cost of performing the work.

### **Generating a Supplemental Agreement**

To generate a supplemental agreement for a contract, perform the following:

- Step 1:** Select **Functions**°**Contract Adjustments**°**Review Supplemental Agreements**
- Step 2:** Select the type of work.
- Step 3:** Select the authority for the change.

- Step 4:** Specify if verbal approval was given. If so, enter the verbal approval date.
- Step 5:** Indicate if the consideration for any additional contract time will be made upon receipt of the Contractor's written request after completion of the affected work.
- Step 6:** Enter the description of the supplemental agreement.
- Step 7:** Enter the justification for the supplemental agreement.
- Step 8:** Enter a comment, if applicable.
- Step 9:** Create, extend, or modify contract times, if applicable.
- Step 10:** Create line items based on the existing contract line items, if applicable.
- Step 11:** Create line items based on the master pay item list, if applicable.
- Step 12:** Create generic line items, if applicable.
- Step 13:** Enter the line item short description, long description, quantity, unit price, unit of measure, and average unit price, if applicable.
- Step 14:** Allocate the line item quantity to work orders.
- Step 15:** Verify the line item indicators for the supplemental agreement line items.
- Step 16:** Activate the supplemental agreement.
- Step 17:** Make a decision on the supplemental agreement.
- Step 18:** Forward the supplemental agreement to the next review level, if applicable.

- Step 19:** Process the decision on the supplemental agreement. Repeat steps 19 through 21 until the “Approved” status is obtained.
- Step 20:** If the contract is Step by Step, forward the supplemental agreement to CCU (Marilyn Wagner) to obtain input by FHWA.
- Step 21:** View the Documentation for Negotiated Prices and Contract Time Extensions Report.
- Step 22:** View/Print the Supplemental Agreement Documentation Report.
- Step 23:** Send the contractor the Supplemental Agreement Documentation Report to sign.
- Step 24:** After the contractor approved or denies the supplemental agreement, specify the decision in HiCAMS.
- Step 25:** As work is completed, enter a pay record(s) using Contract Tracking to process the line item(s) on a monthly estimate.

### To Track a Supplemental Agreement

- Step 1:** Log onto HiCAMS. Choose **Functions® Contract Adjustments® Review Supplemental Agreements** from the menu.
- Step 2:** Display the contract number you want to work with using one of these procedures:
- ♦ Type the contract number and press the Enter key.
  - ♦ Choose the contract following this procedure:
    - 1 Click on the book button to the right of the **Contract** field.  
The **Contract Selection** window appears.
    - 2 To select a contract from another location, select it from the list box in the **Location** field.

3 Find the contract you want to add a supplemental agreement to from the list in the window. Use the scroll bar, if necessary.

4 Click **OK**.

**Step 3:** You return to the **Review Supplemental Agreement** window; the information associated with the contract you selected appears.

**Step 4:** Click the **New** button. The **Review Supplemental Agreement Detail** window appears.

### **Complete the General tab**

**Step 1:** Select a type of work from the **Type of Work** drop down box. The choices are:

- ♦ Bridge
- ♦ Roadway
- ♦ Both

If the Central Construction Unit specified the Type of Contract at the contract level as "Surfacing/Resurfacing", HiCAMS sets the Type of Work to "Roadway." Once set, you can update the Type of Work

**Step 2:** Select the **Authority for Change**. The valid choices are:

- ♦ Extra Work
- ♦ Altered Work
- ♦ Altered Unit Price
- ♦ Other

The authority for change affects approval of the supplemental agreement:

**Step 1:** Add a description for the contract adjustment in the Description field.

**Step 2:** Add a comment about the contract adjustment in the Justification field.

**Step 3:** Check the Verbal Approval check box, if applicable.

According to 104-8 of the standard specifications, if the supplemental agreement dollar amount is \$15,000 or less, you can specify that verbal approval has been given to proceed with the work.

If verbal approval is specified, you must enter the date verbal approval was given into the box that appears.

If you specified that verbal approval was given and the dollar amount of the supplemental agreement dollar amount exceeds the specified threshold of \$15,000, HiCAMS does the following:

- ◆ Provides you with a warning
- ◆ Sets the verbal approval to N
- ◆ Clears the verbal approval date
- ◆ Protects the verbal approval information

**Step 3:** Check the box **Contract Time Considered Upon Completion of Work** if appropriate. This specifies whether the impact of a supplemental agreement on contract times will be considered upon the completion of the work. If indicated, you cannot extend any contract times with the supplemental agreement. However, you can create a new contract time or modify an existing contract time. In addition, the following comment will appear on the supplemental agreement report: "Consideration for any additional contract time will be made upon receipt of the Contractor's written request after completion of the affected work."

**Step 4:** Enter any comments, if applicable, in the **Comments** field.

### **Complete the Contract Times tab**

If appropriate, you can create a new contract time using a supplemental agreement.

When creating a new contract time, the next sequential contract time number is assigned.

When the supplemental agreement status is updated to Contractor Concurrence, the contract time status changes to “Approved.”

**To create a new contract time:**

See the Contract Times documentation.

**Complete the Line Items tab**

Contract: C10499T Description (nickname): guilford college  
 Contract Adjustment: SA 5.0 Description: d  
 Status: New Total Amount: \$0.00

General Contract Times **Line Items** Work Order Detail Approval History

Show Contract Line Items Show Master Pay Items

Line Item	Cont Adj	Description	UOM	Quantity	Unit Price	Amount
1		MOBILIZATION	LS	1.000	\$200,000.0000	\$200,000.00
2		CLEARING & GRUBBING	LSQ	1.000	\$200,000.0000	\$200,000.00
3		SUPP CLEARING & GRUBBING-HA		1.200	\$7,500.0000	\$9,000.00
4		SEALING ABANDONED WELLSEA		11.000	\$500.0000	\$5,500.00

Contract Adjustment Line Items

Line Item	Cont Adj	Description	Quantity	Average Unit Price	Unit Price
4SA 5		SEALING AB	0.000	\$0.0000	\$500.0000

Click and drag down

Activate Indicators Process Approval Void


**Step 1:** Select the line item(s) that are impacted by the contract adjustment: Drag the line item from the top box in the Line Items tab and drag it to the bottom box Contract Adjustment Line Items.

**Step 2:** Enter the contract line item description in the **Description** column.

**Step 3:** The Quantity column contains a number of units in the line item unit of measure required to complete the item of work. You can enter a positive or negative number. If you enter a negative number, HiCAMS displays a warning message. Enter the quantity affected by the contract adjustment in the **Quantity** column.



For generic line items, enter a detailed description of the line item affected by the Supplemental Agreement in the **Description** field. If you do not enter anything, the short description appears.

- ♦ Average Unit Price – You can enter an average unit price for each supplemental agreement line item from the most current set of North Carolina Department of Transportation Bid Tabulation Sheets.
- ♦ You must enter a comment explaining approvals for each supplemental agreement line item where the negotiated unit price exceeds the average unit bid price by more than 10%. Personnel with the correct security can update the threshold percentage in the constants table.
- ♦ You can enter the same comment for multiple line items where the negotiated unit price exceeds the average unit bid price by more than 10%. To do this, check the **Apply comment to all line items exceeding the threshold** indicator in the **Unit Price Threshold** window.
- ♦ To see why the negotiated unit price exceeds the average unit bid price by more than 10% for a supplemental agreement line item, click the  notepad icon.

**Step 4:** Enter the Unit Price. You can specify the negotiated unit price for the item of work on the supplemental agreement. If the new line item is based on an existing line item, HiCAMS sets the unit price based on the existing line item. You can update the unit price.

### Complete the Work Order Details tab

**Step 1:** View the information in the **Work Order Details** tab. If there is only one work order on the contract, the system sets the quantity of the line item to the work order line item. In addition, the work order line item is identified as *participating*; paid for by the work order (i.e. funding source).

**Step 2:** If necessary, assign the quantity of the line item to work orders:

- 1 Select the work order that will fund the quantity from the **Work Order Selection** box. Drag it to the right to the **Contract Adjustment Work Order Line Items** box.

- 2 The **Quantity** column displays the portion of the line item quantity that has currently been agreed upon to reimburse the contractor the supplemental agreement. It is broken down by work order (i.e. funding source). The quantity is equivalent to the dollar amount. For example, if a work order is funding \$500.00 of \$792.00, set the quantity to 500 on the work order line item. Type the quantity of the line item funded by that particular Work Order in the **Quantity** field.
- 3 If there is more than one work order that will fund the line item, continue performing Steps 1 and 2 until complete.

***Note:** You must allocate the total quantity of the line item to one or more work orders.*

- Step 3:** Click the **Activate** button at the bottom of the window.
- Step 4:** Verify the line item indicators: click the **Indicators** button. The **Line Item Indicators** window appears.
- Step 5:** Click **Save** on the toolbar.
- Step 6:** View the **History** tab if you want to see the chain of events.


## Making a Decision about a Supplemental Agreement

After the information for a contract adjustment is entered into HiCAMS, it requires a decision. This is also known as the *approval process*, although the decision may not be *Approve*. Note that Force Account decisions are tracked outside of HiCAMS.

The approval requirements for a supplemental agreement are based on the dollar amount of the contract adjustment. The Contract Adjustment Approval Maintenance Table contains approval information.

To make a decision about a contract adjustment in HiCAMS:

- Step 1:** Go to the appropriate Review window, **Review Eliminated Contract Items**, **Supplemental Agreement**, or **Review Left over Materials**.

- Step 2:** Display the contract number you want to work with using one of these procedures:
- ♦ Type the contract number and press the Enter key.
  - ♦ Choose the contract following this procedure:
    - 1 Click on the book button to the right of the **Contract** field.  
The **Contract Selection** window appears.
    - 2 To select a contract from another location, select it from the list box in the **Location** field.
    - 3 Find the contract you want to add an eliminated contract item to from the list in the window. Use the scroll bar, if necessary.
    - 4 Click **OK**.
- Step 3:** You return to the **Review** window; the information associated with the contract you selected appears.
- Step 4:** Click the **Approval** tab.
- Step 5:** Choose a decision from the **Decision** box.
- Step 6:** Enter a comment in the **Comments** field. You must enter a comment if your decision is “recommend denial” or “denied.”
- Step 7:** **Forward To** - You can specify the next person to review the supplemental agreement. The person identified will receive a system notification. Click the  staff icon and the Staff List opens. *Refer to the discussion of the Staff List located after the Approval Tab screen print.*
- Step 8:** When specifying Contractor Concurrence or Non-concurrence, you must enter the contractor authorized representative name. You cannot enter pay records against any supplemental agreement line items until the status of the associated supplemental agreement is Contractor Concurrence.

- ♦ **FHWA Authorized Representative** - the person who signed the supplemental agreement. This person represents FHWA.
- ♦ A contract specified as step by step requires FHWA input before Contractor Concurrence.
- ♦ You must enter the FHWA authorized representative name when a decision of FHWA Concurrence, FHWA Concurrence As Noted or FHWA Non-Concurrence is made.
- ♦ There are 3 possible FHWA decisions:
  - FHWA Concurrence – You cannot change supplemental agreement information except for Contractor Concurrence/Non-concurrence.
  - FHWA Concurrence As Noted – You cannot change supplemental agreement information except for Contractor Concurrence/Non-concurrence and non-participating on work order line item(s).
  - FHWA Non-Concurrence – HiCAMS automatically changes all participation to non-participation for line items on work orders with a federal aid number. You cannot change supplemental agreement information except for Contractor Concurrence/Non-concurrence.
- ♦ The Central Construction Unit can enter the FHWA authorized representative name, if known beforehand. Therefore, the Supplemental Agreement Documentation Report and Documentation for Negotiated Prices and Contract Time Extensions Report for Supplemental Agreement displays the FHWA authorized representative name.
- ♦ Until FHWA personnel use HiCAMS, Central Construction Unit personnel (currently the Estimate Processing Technician and Construction Estimates & Claims Engineer) can indicate FHWA decisions online for FHWA.

**Step 9:** Click the **Process Approval** button.

**Step 10:** Save your changes.

## Revising a Supplemental Agreement

If any level of approval, including Department of Transportation or contractor, chooses a decision of “Denied” or “Contractor Non-Concurrence” on the supplemental agreement, the Resident Engineer and Project Engineer are notified. He/she or the approver can accept the decision or might modify the supplemental agreement and send it again for approval.

If the status is “Denied” or “Contractor Non-Concurrence”, you can revise it using the  Save As icon.

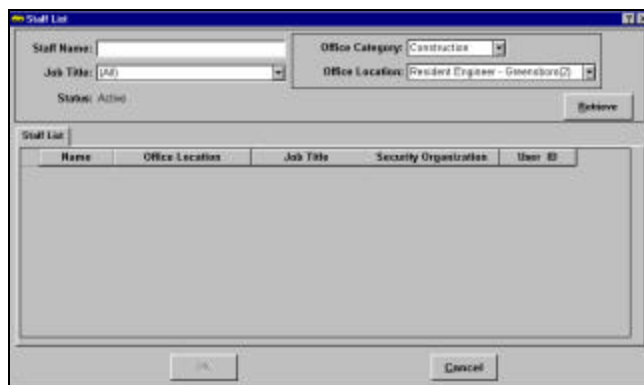
You can create several revisions of a supplemental agreement. However, another revision can only be created from the latest revision. For example, you can create SA 1.1 and then deny SA 1.1. Even though SA 1.1 is denied, you must create a revision from SA 1.1. Once you create SA 1.2, you can no longer create a revision from SA 1.1.

If a supplemental agreement was denied, revised, and then approved, the contract adjustment line item number would not contain the revision number. The revision details are only located within the contract adjustment windows.

## Using the Staff List Window

To choose a staff member using the Staff List window, do the following:

- Step 1:** Click on the **Staff List** button, adjacent to the **Forward To**.
- Step 2:** The Staff List window appears.
- Step 3:** Narrow the list of staff members that the system retrieves. To do so, type or select information in the following fields:
- ♦ Staff Name (When typing the staff member name, you should type the last name only)
  - ♦ Job Title
  - ♦ Office Category
  - ♦ Office Location
- Step 4:** Click the **Retrieve** button.
- Step 5:** The names, job titles, etc. of the staff members appear in the window, according to the filtering options that you selected.
- Step 6:** Click on the desired name.
- Step 7:** Click **OK**.
- Step 8:** Your selection appears next to the **Forward To** field:



## Creating a Force Account from a Supplemental Agreement


- Step 1:** Create a new force account.
- Step 2:** Open the existing supplemental agreement.
- Step 3:** Copy the applicable information from the supplemental agreement to the force account.
- Step 4:** Void the supplemental agreement.
- Step 5:** Activate the force account.

## Changing a Denied Contract Adjustment

Once a contract adjustment has been denied you can change it by making a *revision*, and then resubmit it.

To revise a contract adjustment:

- Step 1:** Choose **Functions® Contract Adjustments® Review Eliminated Contract Items (or Left Over Material, or Supplemental Agreement)** from the HiCAMS menu.
- Step 2:** Display the contract number you want to work with using one of these procedures:
  - ♦ Type the contract number and press the Enter key.
  - ♦ Choose the contract following this procedure:
    - 1** Click on the book button to the right of the **Contract** field.  
The **Contract Selection** window appears.
    - 2** To select a contract from another location, select it from the list box in the **Location** field.
    - 3** Find the contract you want to add an eliminated contract item to from the list in the window. Use the scroll bar, if necessary.
    - 4** Click **OK**.

- Step 3:** You return to the **Review** window; the information associated with the contract you selected appears.
- Step 4:** Click the Save As icon on the tool bar. 
- Step 5:** Make the necessary changes.
- Step 6:** Save your work. The status changes to Pending Approval. Note that the number of the contract adjustment changes from x.0 to x.1. For example, if the original had been 3.0, a revision is numbered 3.1.



### Information about Contract Line Items on a Contract Adjustment

You can bring the same line item onto the supplemental agreement more than once. For example, you can place line item number 6 on the supplemental agreement once to negate the original unit price, and again to show the line at the newly agreed upon unit price.

You can enter a negative quantity on a supplemental agreement line item to negate work previously defined on the contract. If you enter a negative quantity that is greater than the modified bid quantity less the quantity already paid, you will receive a warning message. *Verified original or supplemental agreement line items with the same line item number will be used in determining the quantities.*

Line items selected from the contract use the same sequential number, suffixed with the type and number of the contract adjustment added to the end (i.e., line #6 from the original contract would appear on the first supplemental agreement as line 6 SA 1).

You must enter a quantity and unit price for the line item on a supplemental agreement:

Contract Adjustment Line Items:								
Line Item	Cont Adj	Description	Quantity	Average Unit Price	Unit Price	Amount	Gen Staff	
144	SA 3	PORTABLE E	-75.000	\$ .0000	\$59.0000	(\$4,425.00)		
62	SA 3	MASONRY D	1.000	\$ .0000	\$1,800.0000	\$1,800.00		



### Master Pay Items:

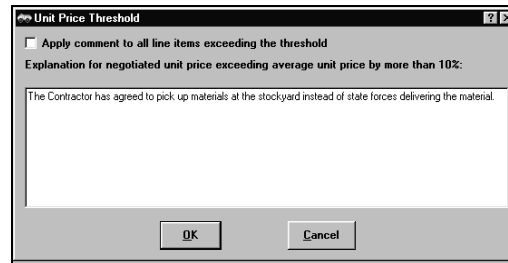
You can select from a list of master pay items when adding a new line item to the contract that was not included on the existing contract. This list is sorted by master pay item description and includes master pay items that were in effect on the date of the contract letting, and currently active master pay items.

Process Master Pay Items with skeleton and/or supplemental description information as follows:

- Step 1:** A skeleton line item refers to a master pay item that contains wildcards. For example: **\*\*\* VC Sewer Pipe**. You must replace the wildcards to create a valid contract line item.
- Step 2:** You can select master pay items that contain skeleton information and/or supplemental descriptions. For example: **15" Bit Coat CS Pipe Culverts, Type B 0.109 " Thick**. Please note that **15" Bit Coat CS Pipe Culverts, Type B 0.109 "** is the master pay item description and **Thick** is the supplemental description.
- Step 3:** If a master pay item with a specific supplemental description does not exist, create the contract line item using a generic line item.

**Note:** You must enter a quantity and unit price for the line item on a supplemental agreement.

Contract Adjustment Line Items:							
Line Item	Cont Adj	Description	Quantity	Average Unit Price	Unit Price	Amount	Gen Staff
144 SA 3		PORTABLE E	-75.000	\$ 0.000	\$59.0000	(\$4,425.00)	
62 SA 3		MASONRY D	1.000	\$ 0.000	\$1,800.0000	\$1,800.00	
252 SA 3		TEMP CRAS	1.000	\$2,500.0000	\$3,000.0000	\$3,000.00	
253 SA 3		Triton Water f	75.000	\$ 0.000	\$150.0000	\$11,250.00	✓

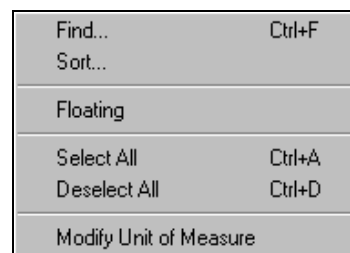


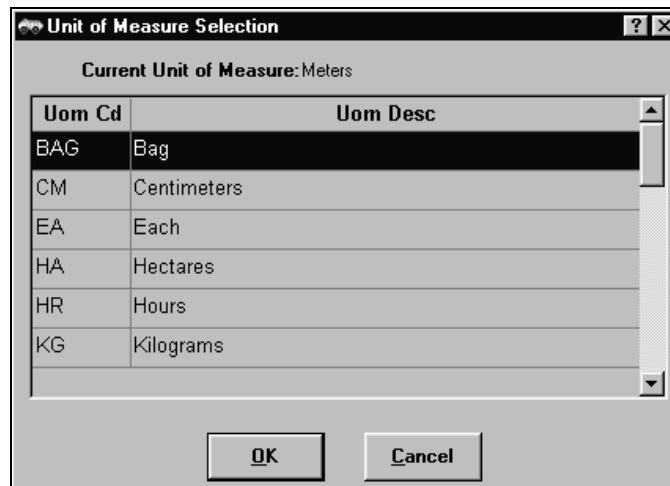
## Generic Line Items

- ♦ For items of work that are not represented on the existing contract or Master Pay Item list, you can create a generic line item with the appropriate unit of measure. These line items use the next sequential line item number on the contract, suffixed with the type of contract adjustment (SA).
- ♦ You must enter the unit of measure, a line item description, quantity, and unit price for these line items.
- ♦ If the item is not selected from the list of existing contract line items or the master pay item list, the system identifies the line item as generic. This information will help management determine how often generic supplemental agreement line items are created and if they are only being created when an item of work is not located on the existing contract or the master pay item list.

## Changing the unit of measure on a generic line item

You can change the unit of measure on a generic line. Select **Modify Unit of Measure** from the right mouse click menu. The **Unit of Measure Selection** window displays:





### Contract Adjustment Types and their Specifications

The following table lists the contract adjustment types and the associated specifications:

Contract Adjustment Type	Specification
Eliminated Contract Item	104-6
Force Account	109-3
Payment for Left Over Material	109-6
Supplemental Agreement	104-2
Extra Work	104-7
Altered Work	104-3
Altered Unit Price	104-5

## **Revision History**

<b>Date</b>	<b>Version</b>	<b>Description</b>	<b>Author</b>
01/27/2009	2.1	Renumbered due to addition of Other Line Items functionality (New Chapter 5)	Marie Novello